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FISCAL IMPACT STATEMENT

LS 6169

BILL NUMBER: HB 1069

NOTE PREPARED: Nov 15, 2008

BILL AMENDED:

SUBJECT: Tax Deduction for Stillborn Child.

FIRST AUTHOR: Rep. Torr

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides a \$1,000 deduction from adjusted gross income for each stillborn child born to a taxpayer during a taxable year.

Effective Date: January 1, 2010.

Explanation of State Expenditures: The Department of State Revenue (DOR) will incur additional expenses to revise tax forms, instructions, and computer programs to reflect the new deduction. The DOR's current level of resources should be sufficient to implement the new deduction.

Explanation of State Revenues: Summary - The bill creates an Adjusted Gross Income (AGI) Tax deduction equal to \$1,000 for individual taxpayers who have a stillbirth during the taxable year. The deduction could potentially reduce AGI Tax revenue by approximately \$17,000 to \$20,000 annually beginning in FY 2011.

Background Information - The deduction is equal to \$1,000 in the taxable year for which a certificate of birth resulting in stillbirth is issued to the taxpayer. The taxpayer's income tax liability would be reduced by \$34 for the taxable year. According to data from the State Department of Health, an average of about 520 stillbirths occurred annually in Indiana from 2002 to 2006. Assuming between 500 and 600 stillbirths per year and assuming that all eligible taxpayers claim the deduction, AGI Tax revenue may be reduced by approximately \$17,000 to \$20,000 annually. Since the deduction is effective beginning in tax year 2010, the fiscal impact would begin in FY 2011. By FY 2011, all of the revenue from the AGI Tax on individuals will be deposited in the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: Because the new deduction for individual taxpayers who have a stillbirth will decrease taxable income, counties imposing local option income taxes could potentially experience a minimal decrease in revenue from these taxes.

State Agencies Affected: Department of State Revenue.

Local Agencies Affected: Counties with local option income taxes.

Information Sources: *Indiana Mortality Report, 2002-2006*, Indiana State Department of Health, Epidemiology Resource Center, Data Analysis Team.

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